

1 DAUFUSKIE ISLAND UTILITY COMPANY, INC.

2 DOCKET NO. 2011-229-W/S

3 Testimony of John F. Guastella

4 Before the South Carolina Public Service Commission

5 Testimony Prepared: April 18, 2012

6 Hearing Date: May 30, 2012

7

8 **Q. Please state your name and business address.**

9 A. John F. Guastella, 6 Beacon Street, Suite 200, Boston, MA 02108.

10

11 **Q. What is your occupation?**

12 A. I am president of Guastella Associates, LLC ("GA").

13

14 **Q. Briefly describe GA?**

15 A. Guastella Associates provides rate, valuation and management consulting
16 services.

17

18 **Q. Have you previously testified before the South Carolina Public Service
19 Commission ("PSC")?**

20 A. Yes.

21

22 **Q. Have you attached as Appendix A to this testimony a summary of your
23 qualifications and experience?**

1 A. Yes.

2

3 **Q. What is your involvement with Daufuskie Island Utility Company, Inc.**
4 **("DIUC" or "Company")?**

5 A. GA has been the manager of DIUC since July 9, 2008, when it was acquired by
6 CK Materials, Inc. ("CK Materials" or "Stockholder"). In addition, GA has
7 prepared the rate analysis in support of the proposed rate increase.

8

9 **Q. Would you give a brief background of the transition since DIUC was**
10 **acquired from International Paper ("IP")?**

11 A. Yes. The initial focus of the transition was to obtain accounting, billing and
12 operational records from IP, which turned out to be a major time-consuming task.
13 During this process, however, we found opportunities for some cost savings and
14 also an absence of cost allocations for management functions. The most
15 significant problem discovered soon after acquisition, and one that has had an
16 adverse and continuing impact on the Company's operations was that Melrose
17 Utility Company ("MUC") had not been paying its 40% share of the costs of
18 operation of the joint venture wastewater treatment plant (Haig Point/Melrose
19 Wastewater Treatment Plant). Repeated attempts to obtain payment from MUC
20 were unsuccessful. By February 2009, MUC's failure to pay its share of the costs
21 amounted to nearly \$140,000 or some 25% of the Company's total cost of
22 operations. This shortfall in revenues left the Company with inadequate cash with
23 which to cover its costs. In response to the Company's request, the PSC initiated

1 an investigation in Docket No. 2009-48-S. Shortly afterward, MUC filed for
2 bankruptcy, and on July 14, 2009, the hearing scheduled for August 4, 2009 in
3 that docket was held in abeyance pending the outcome of negotiations between
4 CK Materials and the Trustee to acquire MUC.

5 At about the time MUC filed for bankruptcy, it also essentially closed its
6 operations – there were no employees and no one with whom to communicate.
7 Concerned that MUC's utility systems would soon malfunction, we began
8 operating MUC and assisting the Trustee, incurring the cost of doing so without
9 compensation, with permission and assistance of the stockholders of CK
10 Materials. Individual stockholders of CK Materials also personally covered costs
11 associated with operating and maintaining MUC's systems. On March 1, 2010,
12 the PSC approved the merger of MUC with DIUC. This acquisition created
13 another major effort because, except for a 2007 annual report to the PSC, there
14 were few other records and the billing records required considerable updating.
15 Because of the absence of records, we did not know what the total cost of
16 operations would be until over a year under our management and operation.

17
18 **Q. Are any of the costs incurred for the acquisition by CK Materials for either**
19 **Haig Point Utility Company or MUC or the transition costs included in the**
20 **proposed rate increase?**

21 A. No. The rate filing does not include any of those costs, or any past operating
22 deficits.

1 **Q. What is the basis for the proposed increase?**

2 A. The rate increase has been determined on the basis of the actual operating costs
3 for the historical test year ended June 30, 2011, adjusted for known and
4 measurable changes, and to generate a rate of return on the net investment rate
5 base that has only been adjusted for relatively minor capital improvements. The
6 rate analysis is set forth on an exhibit entitled, "Schedules in Support of a Rate
7 Increase". In fact, our pro forma adjustments actually reduced the historical net
8 investment portion of rate base because the increase in accumulated depreciation
9 was greater than the additions.

10 **Q. Would you please describe the issue regarding the parcel of land at which the**
11 **Company's storage tank is located that was sold at a tax sale?**

12 A. Yes. During its investigation, the Office of Regulatory Staff discovered that this
13 parcel of land had been sold at a tax sale. The Company was unaware of the sale
14 and had not received tax bills or notices from Beaufort County that had apparently
15 send them to old addresses. I have been in communication with the individual
16 who purchased that parcel, along with four other parcels unrelated to the
17 Company, who believed that he had purchased a parcel adjacent to the storage
18 tank. On further investigation, however, the parcel he purchased is the storage
19 tank site. On the basis of my discussions with him, the individual seems
20 reasonable and we are now in the process of purchasing that parcel back, and
21 hope to resolve this issue soon.

1 **Q. With respect to the Company's capital structure, would you explain why you**
2 **include debt financing even though there is no debt on the Company's**
3 **books?**

4 A. Once we began managing the Company, we found that there is a need for many
5 capital improvements in order to assure continued adequate service, the causes of
6 which are apparently a lack of attention by previous owners and a lack of
7 adequate earnings. On the basis of my inspection of the system and review with
8 the operators, the operators prepared a preliminary list of improvements and
9 rough cost estimates (nearly \$1.0 million) as set forth on an exhibit entitled,
10 "Capital Improvement Projections". I have spoken with a representative of the
11 engineering firm of Thomas & Hutton as a preliminary step to arrange a joint
12 inspection of the system in order to establish a priority list of improvements, more
13 precise cost estimates and a cost-effective schedule for implementation. I would
14 note that Thomas & Hutton had previously prepared a report for MUC and is
15 familiar with the Company's systems. In order to implement a reasonable capital
16 improvement plan, the Company must attract capital. In addition to an anticipated
17 future level of retained earnings to reinvest in the Company, the bulk of the
18 capital improvements must be financed with debt financing. Accordingly, I have
19 included a debt financing of \$3.5 million, in the pro forma capital structure.

20

21 **Q. What impact does the inclusion of the 3.5 million pro forma financing have**
22 **on the proposed rate increase?**

1 A. It reduces the magnitude of the rate increase. The interest on debt is a tax
2 deduction that would otherwise not be available and, therefore, it reduced the
3 income tax allowance reflected in the revenue requirement. In addition, I have
4 used an interest rate of 6.5% that is significantly less than an equity rate, reducing
5 the magnitude of the new operating income.

6

7 **Q. Are any of the costs of the listed capital improvements included in the**
8 **proposed revenue requirement?**

9 A. No. It is my understanding that the PSC's policy is to allow only capital
10 improvements that are in service by the time of the effective date of the rate
11 increase, and it has not yet approved rate increases on the basis of a projected test
12 year that would include costs for the year that the new rates become effective.

13

14 **Q. If the cost of the new improvements is not included in the rate base in this**
15 **case, how is the Company able to attract debt financing?**

16 A. Fortunately, because the Company's capital structure now consists of all equity,
17 the new debt would be a conversion of a portion of the existing equity to debt. If
18 the Company already had a majority of its capital as debt, it would likely be
19 unable to attract new capital without the inclusion of projected capital
20 expenditures in rate base in this case, which would have been problematic if a
21 projected test year would not be accepted.

22

23 **Q. Have you communicated with any lending institutions to obtain financing?**

1 A. Yes. I have had discussions with CoBank and SunTrust Bank, both of which
2 expressed interest in providing financing, depending on approval of a rate
3 increase.

4
5 **Q. Will the assets of DIUC be required as collateral for the financings?**

6 A. Yes, in order to obtain debt financing, the balance of the loan that CK Materials
7 has with Coastal States Bank (for partial payment of the purchase of the Company
8 in 2008) will have to be paid in order to clear the assets that were used as
9 collateral for that loan.

10

11 **Q. Will the proceeds from the anticipated \$3.5 million debt financing be**
12 **sufficient to pay off the CK Materials loan with Coastal States Bank?**

13 A. Yes, the conversion of equity to debt will enable CK Materials to pay off the
14 approximate \$1.3 balance of its loan with Coastal States Bank and provide
15 sufficient cash with which to cover all anticipated capital improvements, and also
16 provide a cash reserve for unexpected additional improvements and working
17 capital.

18

19 **Q. Do you expect that there will be improvements in addition to those in your**
20 **preliminary list?**

21 A. Yes. Within the last few weeks there was a major failure of the lining at one of
22 the wastewater treatment plant lagoons. A permanent solution will require

1 replacement of this section of the lagoon at a preliminary estimate of cost from
2 \$100,000 to \$200,000.
3

4 **Q. What rate structure does the Company propose for the water and**
5 **wastewater rates?**

6 A. The proposed water and wastewater rates are based on single-tariff pricing – the
7 same rates for the previous Haig Point and MUC operations. With the merged
8 operations, the operations, accounting, billing, management and financing costs
9 are common to all customers, and single-tariff pricing will be more efficient for
10 billing.

11 **Q. Has the Company been charging Availability rates in accordance with its**
12 **PSC approved tariff?**

13 A. Yes. Availability rates have been approved and reflect the cost to have water and
14 wastewater service available whenever a lot owner requests that connections be
15 made to the system. The PSC and other jurisdictions have long recognized that
16 availability of service is in fact a utility service for which charges are appropriate.
17

18 **Q. Does this conclude your testimony at this time?**

19 A. Yes.

Guastella Associates, LLC

Qualifications & Experience



**Rate Setting
Valuation
Management
Consulting**

...SERVING REGULATED AND UNREGULATED WATER AND WASTEWATER UTILITIES SINCE 1978

6 Beacon Street, Suite 200, Boston, MA 02108
(617) 423-3030
www.guastella.com



INTRODUCTION

GUASTELLA ASSOCIATES, LLC

Guastella Associates, LLC ("formerly John F. Guastella Associates, Inc.") is a consulting firm that specializes in providing utility rate setting, valuation and management services for public and privately-owned water and wastewater utilities.

John F. Guastella established Guastella Associates in 1978. Previously, Mr. Guastella was Director of the Water Division of the New York Public Service Commission. The Water Division provided the New York Commission with technical assistance in regulating the rates and service provided by approximately 450 privately-owned utilities. During the period from 1987 through 1991, Mr. Guastella also managed a 5,500 customer water utility in New York State. In 1989, Guastella Associates acquired the rates and valuation section of Coffin & Richardson, Inc., a general consulting firm that also provided a full range of services to water and wastewater utilities.

As can be seen from the following qualifications and experience, key staff members have many years of combined experience in virtually every aspect of utility rate setting and valuation. The technical expertise of key staff, combined with their former employment by real estate and utility companies, a regulatory agency, and the management of water utilities, provides a total perspective towards addressing the rates and valuation needs of today's water and wastewater utilities.

Guastella Associates has assisted the largest privately-owned utilities with respect to the most challenging issues, performing complex studies and providing expert testimony in administrative hearings as well as court proceedings. In addition, our client base has included hundreds of small water and wastewater utilities - obtaining rate increases that turn operating losses into profits, posturing them for financing, correcting record keeping errors and, for some, negotiating their sale at multiples of their original cost net investment rate base. Some of our most successful assignments have been to help establish new developer-related water and wastewater utilities, applying the correct principles at the outset in order to develop fully compensatory initial rates, record keeping procedures and asset management, so they are structured to become self-sustaining utilities that will achieve the highest possible profit and ultimate market value.

Our wide-range of experience and expertise has enabled us to successfully address the special needs of large investor-owned utilities in rate cases and condemnation proceedings. We bring the same high level of expertise to the small water and wastewater utilities, which is essential to their success, and at prices they can afford.



OUTLINE OF SERVICES

GUASTELLA ASSOCIATES, LLC

Guastella Associates, LLC ("formerly John F. Guastella Associates, Inc.") is a consulting firm specializing in utility management, valuation, appraisals and rate determinations. Guastella Associates has been providing professional services to regulated and unregulated utilities since 1978.

Specific areas of expertise includes:

I. RATE ANALYSIS

A. Revenue Requirements

1. Examination of books and records -- revenues, expenses and capital investment.
2. Determination of the cost of providing service (revenue requirement) -- normalize historical data, establish known changes and perform projections.

B. Rate Design

1. Perform cost allocation studies to establish cost of service for residential, commercial, industrial, wholesale and fire protection customers, and for other special users.
2. Develop rate structures -- combine billing analyses and cost allocations to form usage rates, flat rates, minimum service and facilities charges, and such other special charges as connection fees, availability rates, etc.

C. Reports

1. Investor-owned utilities -- prepare complete rate filings for submission to regulatory agencies; prepare testimony, exhibits, and assist in all aspects of adjudication process.
 2. Municipal utilities -- prepare detailed rate reports in support of rate increases for use by municipal officials and presentation at municipal hearings.
-



OUTLINE OF SERVICES

GUASTELLA ASSOCIATES, LLC

II. VALUATIONS

A. Appraisals

1. Eminent domain condemnation proceedings, negotiations for sale of utilities, damage claims for insurance and ad valorem tax and management purposes.
2. Determinations of original cost, replacement cost, reproduction cost and market value, including going concern value.
3. Calculation of the present value of cash flow under the income approach to market value determinations.
4. Analyses of market data under the sales comparison approach.

B. Depreciation

1. Actuarial studies using retirement rate or simulated plant balances methods to determine average service lives of physical property, theoretical depreciation reserve requirements and depreciation rates.
2. Establish affordable depreciation rates on the basis of comparative analyses of similar property of other utilities and practices of regulatory agencies and association

C. Feasibility Studies

1. Utility acquisitions by investors and municipalities.
2. Economic studies to establish extension of service costs and policy -- inside and outside service area.
3. Main extension agreements, guaranteed revenue contracts, refund provisions.

D. Financial Planning

1. Establish financing requirements for capital improvements.
2. Determine revenue and rate needs for various combinations of debt and equity financing.
3. Assist certain utilities in securing financing.
4. Establish financing needs, initial rates and regulatory approval of proposed new utilities.

III. MANAGEMENT

A. Operations

1. Assist in day-to-day decisions as to utility accounting and related impact on rates.
2. Solve problems as to record keeping in accordance with regulatory requirements and prescribed systems of accounts.
3. Establish general policy and tariff provisions for customer service, billing, collecting, meter testing, complaint handling, and customer and regulatory relations.

B. Administrative

1. Coordinate activities with regulatory agencies to assure compliance with rules, regulations and orders.
2. Negotiations for purchase or sale of utility property and special contracts.

C. Training

1. On-the-job training for employees while working on various projects.
2. Special educational seminars on all aspects of utility rate settings, financing, valuation and rules.

PROFESSIONAL QUALIFICATIONS AND EXPERIENCE
of
JOHN F. GUASTELLA

B.S., Mechanical Engineering, Stevens Institute of Technology, 1962, Licensed Professional Engineer.

Member:

American Water Works Association, Lifetime Member
National Association of Water Companies
New England Water Works Association, Lifetime Member

Committees:

AWWA, Water Rates Committee (Manual M-1, 1983 Edition)
National Association of Regulatory Utility Commissioners (NARUC) and NAWC. Joint-Committee on Rate Design
NAWC, Rates and Revenues Committee
NAWC, Small Water Company Committee

Mr. Guastella is President of Guastella Associates, LLC ("formerly John F. Guastella Associates, Inc.") which provides management, valuation and rate consulting services for municipal and investor-owned utilities, as well as regulatory agencies. His clients include utilities in the states of Alaska, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Maine, Maryland, Massachusetts, Missouri, Michigan, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Pennsylvania, South Carolina, Texas, Rhode Island and Virginia. He has provided consulting services that include all aspects of utility regulation and rate setting, encompassing revenue requirements, revenues, operation and maintenance expenses, depreciation, taxes, return on investment, cost allocation and rate design. He has performed depreciation studies for the establishment of average service lives of utility property. He has performed appraisals of utility companies for management purposes and in connection with condemnation proceedings. He has also negotiated the sale of utility companies.

Mr. Guastella served for more than four years as President of Country Knolls Water Works, Inc., a water utility that served some 5,500 customers in Saratoga County, New York. He also served as a member of the Board of Directors of the National Association of Water Companies.

Mr. Guastella has qualified and testified as an expert witness before regulatory agencies and municipal jurisdictions in the states of Alaska, California, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Missouri, Montana, Nevada, New Hampshire, New Mexico, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia.

Prior to establishing his own firm, Mr. Guastella was employed by the New York State Public Service Commission for sixteen years. For two years he was involved in the regulation of electric and gas utilities, with the remaining years devoted to the regulation of water utilities. In 1970, he was promoted to Chief of Rates and Finance in the Commission's Water Division. In 1972, he was made Assistant Director of the Water Division. In 1974, he was appointed by Alfred E. Kahn, then Chairman of the Commission, to be Director of the Water Division, a position he held until he resigned from the Commission in August 1978.

At the Commission, his duties included the performance and supervision of engineering and economic studies concerning rates and service of many public utilities. As Director of the Water Division, he was responsible for the regulation of more than 450 water companies in New York State and headed a professional staff of 32 engineers and three technicians. A primary duty was to attend Commission sessions and advise the Commission during its decision making process. In the course of that process, an average of about fifty applications per year would be reviewed and analyzed. The applications included testimony, exhibits and briefs involving all aspects of

utility valuation and rate setting. He also made legislative proposals and participated in drafting Bills that were enacted into law: one expanded the N.Y. Public Service Commission's jurisdiction over small water companies and another dealt specifically with rate regulation and financing of developer-related water systems.

In addition to his employment and client experience, Mr. Guastella served as Vice-Chairman of the Staff-Committee on Water of the National Association of Regulatory Utility Commissioners (NARUC). This activity included the preparation of the "Model Record-Keeping Manual for Small Water Companies," which was published by the NARUC. This manual provides detailed instruction on the kinds of operation and accounting records that should be kept by small water utilities, and on how to use those records.

Each year since 1974 he has prepared study material, assisted in program coordination and served as an instructor at the Eastern Annual Seminar on Water Rate Regulation sponsored over the years by the NARUC in conjunction with the University of South Florida, Florida Atlantic University, the University of Utah, Florida State University, the University of Florida and currently Michigan State University. In 1980 he was instrumental in the establishment of the Western NARUC Rate Seminar and has annually served as an instructor since that time. This course is recognized as one of the best available for teaching rate-setting principles and methodology. More than 5,000 students have attended this course, including regulatory staff, utility personnel and members of accounting, engineering, legal and consulting firms throughout the country.

Mr. Guastella served as an instructor and panelist in a seminar on water and wastewater regulation conducted by the Independent Water and Sewer Companies of Texas. In 1998, he prepared and conducted a seminar on basic rate regulation on behalf of the New England Chapter of the National Association of Water Companies. In 2000 and 2001, Mr. Guastella developed and conducted a special seminar for developer related water and wastewater utilities in conjunction with Florida State University, and again in 2003 in conjunction with the University of Florida. It provided essential training for the financial structuring of small water and wastewater utilities, rate setting, financing and the establishment of their market value in the event of a negotiated sale or condemnation. In 2004, he prepared and conducted a special workshop seminar on behalf of the Office of Regulatory Staff of South Carolina, covering rate setting, valuation and general regulation of water and wastewater utilities. In 2006, he participated in an expert workshop on full cost pricing conducted by the U. S. Environmental Protection Agency in coordination with the Institute of Public Utilities, Michigan State University. In 2006, he prepared and conducted a special seminar on rate setting and valuation on behalf of the New York Chapter of the NAWC. In 2007, he prepared and conducted a special seminar on rate setting and valuation on behalf of the New England Chapter of NAWC.

Mr. Guastella has made presentations on a wide variety of rate, valuation and regulatory issues at meetings of the National Association of Regulatory Utility Commissioners, the American Water Works Association, the New England Water Works Association, the National Association of Water Companies, the New England Conference of Public Utilities Commissioners, the Florida, New England, New Jersey and New York Chapters of NAWC, the Mid-America Regulatory Conference, the Southeastern Association of Regulatory Utility Commissioners, the Pennsylvania Environmental Conference, the Public Utility Law Section of the New Jersey Bar Association, and the NAWC Water Utility Executive Council.

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1966	Sunhill Water Corporation	New York	23968
1967	Amagansett Water Company	New York	24210
1967	Worley Homes, Inc.	New York	24466
1968	Amagansett Water Company	New York	24718
1968	Amagansett Water Company	New York	24883
1968	Sunhill Water Corporation	New York	23968
1968	Worley Homes, Inc.	New York	Supreme Court
1969	Amagansett Water Supply	New York	24883
1969	Citizens Water Supply Co.	New York	25049
1969	Worley Homes, Inc.	New York	24466/24992
1970	Brooklyn Union Gas Company	New York	25448
1970	Consolidated Edison of New York	New York	25185
1971	Hudson Valley Water Companies	New York	26093
1971	Jamaica Water Supply Company	New York	26094
1971	Port Chester Water Works, Inc.	New York	25797
1971	U & I Corp. - Merrick District	New York	26143
1971	Wanakah Water Company	New York	25873
1972	Spring Valley Water Company	New York	26226
1972	U & I Corp. - Woodhaven District	New York	26232
1973	Citizens Water Supply Company	New York	26366
1978	Rhode Island DPU&C (Bristol County)	Rhode Island	1367A
1979	Candlewick Lake Utilities Co.	Illinois	76-0218
1979	Candlewick Lake Utilities Co.	Illinois	76-0347
1979	Candlewick Lake Utilities Co.	Illinois	78-0151
1979	Jacksonville Suburban Utilities	Florida	770316-WS
1979	New York Water Service Corporation	New York	27594
1979	Salem Hills Sewerage Disposal Corp. v. V. of Voorheesville	New York	Supreme Court
1979	Seabrook Water Corporation	New Jersey	7910-846
1979	Southern Utilities Corporation	Florida	770317-WS
1979	Township of South Brunswick	New Jersey	Municipal
1979	Westchester Joint Water Works	New York	Municipal
1979	Woodhaven Utilities Corporation	Illinois	77-0109
1980	Crestwood Village Sewer Company	New Jersey	BPU 802-78
1980	Crestwood Village Water Company	New Jersey	BPU 802-77
1980	Gateway Water Supply Corporation	Texas	Municipal
1980	GWV-Central Florida District	Florida	800004-WS
1980	Jamaica Water Supply Company	New York	27587
1980	Rhode Island DPU&C (Newport Water)	Rhode Island	1480
1981	Briarcliff Utilities, Inc.	Texas	3620
1981	Candlewick Lake Utilities Co.	Illinois	81-0011
1981	Caroline Water Company, Inc.	Virginia	810065
1981	GDU, Inc. - Northport	Florida	Municipal
1981	GDU, Inc. - Port Charlotte	Florida	Municipal
1981	GDU, Inc. - Port Malabar	Florida	80-2192
1981	Hobe Sound Water Company	Florida	8000776
1981	Lake Buckhorn Utilities, Inc.	Ohio	80-999
1981	Lake Kiowa Utilities, Inc.	Texas	3621
1981	Lakegren Utilities, Inc.	Ohio	80-1001
1981	Lorelei Utilities, Inc.	Ohio	80-1000
1981	New York Water Service Corporation	New York	28042
1981	Rhode Island DPU&C (Newport Water)	Rhode Island	1581
1981	Shawnee Hills Utility Company	Ohio	80-1002
1981	Smithville Water Company, Inc.	New Jersey	808-541
1981	Spring Valley Water Company, Inc.	New York	27936
1981	Spring Valley Water Company, Inc.	New York	27936
1981	Sunhill Water Corporation	New York	27903
1981	Swan Lake Water Corporation	New York	27904
1982	Chesterfield Commons Sewer Company	New Jersey	822-84
1982	Chesterfield Commons Water Company	New Jersey	822-83
1982	Crescent Waste Treatment Corp.	New York	Municipal
1982	Crestwood Village Sewer Company	New Jersey	821-33
1982	Crestwood Village Water Company	New Jersey	821-38
1982	Salem Hills Sewerage Disposal Corp.	New York	Municipal
1982	Township of South Brunswick	New Jersey	Municipal
1982	Woodhaven Utilities Corporation	Illinois	82-0167
1983	Country Knolls Water Works, Inc.	New York	28194
1983	Heritage Hills Water Works Corp.	New York	28453
1984	Crestwood Village Sewer Company	New Jersey	8310-861
1984	Crestwood Village Water Company	New Jersey	8310-860
1984	Environmental Disposal Corp.	New Jersey	816-552
1984	GDU, Inc. - Port St. Lucie	Florida	830421
1984	Heritage Village Water (water/sewer)	Connecticut	84-08-03
1984	Hurley Water Company, Inc.	New York	28820
1984	New York Water Service Corporation	New York	28901
1985	Deltona Utilities (water/sewer)	Florida	830281
1985	J. Filiberto Sanitation, Inc.	New Jersey	8411-1213
1985	Sterling Forest Pollution Control	New York	Municipal
1985	Water Works Enterprise, Grand Forks	North Dakota	Municipal
1986	GDU, Inc. - Port Charlotte	Florida	Municipal
1986	GDU, Inc. - Sebastian Highlands	Florida	Municipal

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1986	Kings Grant Water/Sewer Companies (settled)	New Jersey	WR8508-868
1986	Mt. Ebo Sewage Works, Inc.	New York	Municipal
1986	Sterling Forest Pollution Control	New York	Municipal
1987	Country Knolls Water Works, Inc.	New York	29443
1987	Crestwood Village Sewer Co. (settled)	New Jersey	WR8701-38
1987	Deltona Utilities - Marco Island	Florida	850151-WS
1987	Deltona Utilities, Inc. - Citrus Springs (settled)	Florida	870092-WS
1987	First Brewster Water Corp. v. Town of Southeast (settled)	New York	Supreme Court
1987	GDU, Inc. - Silver Springs Shores	Florida	870239-WS
1987	Ocean County Landfill Corporation	New Jersey	SR-8703117
1987	Palm Coast Utility Corporation	Florida	870166-WS
1987	Sanlando Utilities Corp. (settled)	Florida	860683-WS
1987	Township of South Brunswick	New Jersey	Municipal
1987	Woodhaven Utilities Corp. (settled)	Illinois	87-0047
1988	Crescent Estates Water Co., Inc.	New York	88-W-035
1988	Elizabethtown Water Co.	New Jersey	OAL PUC3464-88
1988	Heritage Village Water Company	Connecticut	87-10-02
1988	Instant Disposal Service, Inc.	New Jersey	SR-87080864
1988	J. Filiberto Sanitation v. Morris County Transfer Station	New Jersey	01487-88
1988	Ohio Water Service Co.	Ohio	86-1887-WW-CO1
1988	St. Augustine Shores Utilities	Florida	870980-WS
1989	Elizabethtown Water Co.	New Jersey	BPU WR89020132J
1989	GDU (FPSC generic proceeding as to rate setting procedures)	Florida	880883-WS
1989	Gordon's Corner Water Co.	New Jersey	OAL PUC479-89
1989	Heritage Hills Sewage Works	Connecticut	Municipal
1989	Heritage Village Water Company	Connecticut	87-10-02
1989	Palm Coast Utility Corporation	Florida	890277-WS
1989	Southbridge Water Supply Co.	Massachusetts	DPU 89-25
1989	Sterling Forest Water Co.	New York	PSC 88-W-263
1990	American Utilities, Inc. - United States Bankruptcy Court	New Jersey	85-00316
1990	City of Carson City	Nevada	Municipal
1990	Country Knolls Water Works, Inc.	New York	90-W-0458
1990	Elizabethtown Water Company	New Jersey	WR900050497J
1990	Kent County Water Authority	Rhode Island	1952
1990	Palm Coast Utility Corporation	Florida	871395-WS
1990	Southern States Utilities, Inc.	Florida	Workshop
1990	Trenton Water Works	New Jersey	WR90020077J
1990	Waste Management of New Jersey	New Jersey	SE 87070552
1990	Waste Management of New Jersey	New Jersey	SE 87070566
1991	City of Grand Forks	North Dakota	Municipal
1991	Gordon's Corner Water Co.	New Jersey	OAL PUC8329-90
1991	Southern States Utilities, Inc.	Florida	900329-WS
1992	Elizabethtown Water Co.	New Jersey	WR 91081293J
1992	General Development Utilities, Inc. - Port Malabar Division	Florida	911030-WS
1992	General Development Utilities, Inc. - West Coast Division	Florida	911067-WS
1992	Heritage Hills Water Works, Inc.	New York	92-2-0576
1993	General Development Utilities, Inc. - Port LaBelle Division	Florida	911737-WS
1993	General Development Utilities, Inc. - Silver Springs Shores	Florida	911733-WS
1993	General Waterworks of Pennsylvania - Duuphin Cons. Water Supply	Pennsylvania	R-00932604
1993	Kent County Water Authority	Rhode Island	2098
1993	Southern States Utilities - FPSC Rulemaking	Florida	911082-WS
1993	Southern States Utilities - Marco Island	Florida	920655-WS
1994	Capital City Water Company	Missouri	WR-94-297
1994	Capital City Water Company	Missouri	WR-94-297
1994	Elizabethtown Water Company	New Jersey	WR94080346
1994	Elizabethtown Water Company	New Jersey	WR94080346
1994	Environmental Disposal Corp.	New Jersey	WR94070319
1994	General Development Utilities - Port Charlotte	Florida	940600-WS
1994	General Waterworks of Pennsylvania	Pennsylvania	R-00943152
1994	Hoosier Water Company - Mooresville Division	Indiana	39839
1994	Hoosier Water Company - Warsaw Division	Indiana	39838
1994	Hoosier Water Company - Winchester Division	Indiana	39840
1994	West Lafayette Water Company	Indiana	39841
1994	Wilmington Suburban Water Corporation	Delaware	94-149 (stld)
1995	Butte Water Company	Montana	Cause 90-C-90
1995	Heritage Hills Sewage Works Corporation	New York	Municipal
1996	Consumers Illinois Water Company	Illinois	95-0342
1996	Elizabethtown Water Company	New Jersey	WR95110557
1996	Palm Coast Utility Corporation	Florida	951056-WS
1996	PenPac, Inc.	New Jersey	OAL-00788-93N
1996	Southern States Utilities, Marco Island	Florida	950495-WS
1997	Crestwood Village Water Company	New Jersey	BPU 96100739
1997	Indiana American Water Co., Inc.	Indiana	IURC 40703
1997	Missouri-American Water Company	Missouri	WR-97-237
1997	South County Water Corp	New York	97-W-0667
1997	United Water Florida	Florida	960451-WS
1998	Consumer Illinois Water Company	Illinois	98-0632
1998	Consumers Illinois Water Company	Illinois	97-0351
1998	Heritage Hills Water Company	New York	97-W-1561
1998	Missouri-American Wastewater Company	Missouri	SR-97-238

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1999	Consumers Illinois Water Company	Illinois	99-0288
1999	Environmental Disposal Corp.	New Jersey	WR99040249
1999	Indiana American Water Co., Inc.	Indiana	IURC 41320
2000	South Haven Sewer Works, Inc.	Indiana	Cause: 41410
2000	Utilities Inc. of Maryland	Maryland	CAL 97-17811
2001	Artesian Water Company	Delaware	00-649
2001	Citizens Utilities Company	Illinois	01-0001
2001	Elizabethtown Water Company	New Jersey	WR-0104205
2001	Kiawah Island Utility, Inc.	South Carolina	2001-164-WS
2001	Placid Lakes Water Company	Florida	011621-WU
2001	South Haven Sewer Works, Inc.	Indiana	41903
2001	Southlake Utilities, Inc.	Florida	981609-WS
2002	Artesian Water Company	Delaware	02-109
2002	Consumers Illinois Water- Grant Park	Illinois	02-0480
2002	Consumers Illinois Water- Village Woods	Illinois	02-0539
2002	Valencia Water Company	California	02-05-013
2003	Consumers Illinois Water - Indianapolis	Illinois	03-0069
2003	Elizabethtown Water Company	New Jersey	WR-030-70510
2003	Golden Heart Utilities, Inc.	Alaska	U-02-13, 14 & 15
2003	Utilities, Inc. - Georgia	Georgia	CV02-0495-AB
2004	Aquarion Water Company	Connecticut	04-02-14
2004	Artesian Water Company	Delaware	04-42
2004	El Dorado Utilities, Inc.	New Mexico	D-101-CU-2004-
2004	Environmental Disposal Corp.	New Jersey	DPU WR 03 070509
2004	Heritage Hills Water Company	New York	03-W-1182
2004	Sun Valley Water & Washoe County Dept. of Water Revenue	Nevada	TMWA Municipal
2004	Jersey City MUA	New Jersey	Municipal
2004	Rockland Electric Company	New Jersey	EF02110852
2005	Aquarion Water Company	New Hampshire	DW 05-119
2005	Intercoastal Utilities, Inc.	Florida	04-0007-0011-0001
2005	Haig Point Utility Company, Inc.	South Carolina	2005-34-WS
2005	South Central Connecticut Regional Water Auth.	Connecticut	Municipal
2006	Pennichuck Water Works, Inc.	New Hampshire	DW-04048
2006	Village of Williston Park	New York	Municipal
2006	Jersey City MUA	New Jersey	Municipal
2006	Groton Utilities	Connecticut	Municipal
2006	Connecticut Water Company	Connecticut	06-07-08
2006	Birmingham Utilities, Inc.	Connecticut	06-05-10
2006	Aqua Florida Utilities, Inc.	Florida	060368-WS
2007	Aquarion Water Company of CT	Connecticut	07-05-19
2007	Pennichuck Water Works, Inc.	New Hampshire	DW 04-048
2007	Aqua Indiana - Utility Center	Indiana	43331
2007	Environmental Disposal Corp.	New Jersey	WR 04 080760
2007	Aqua Florida Utilities, Inc.	Florida	07-0183
2007	Aqua Illinois, Inc. - Hawthorn Woods, Willowbrook & Vernon	Illinois	07-0620/07-0621/08-0067
2008	Aqua Florida Utilities, Inc.	Florida	080121-WS
2008	Aquarion Water Company of MA	Massachusetts	D.P.U. 08-27
2008	Haig Point Utility Company, Inc.	South Carolina	2007-414-WS
2009	R.M.V. Land & C.M. Livestock, L.C.C.	New Jersey	EM02050313
2010	City of Griffin	Georgia	Civil Action No. 09V-2866
2010	Connecticut Water Company	Connecticut	09-12-11
2010	Montville WPCA	Connecticut	1400012464
2010	Milford Water Company	Massachusetts	DPU 10-78
2010	Arizona American Water Company	Arizona	W-01303A-10-0448
2011	Aqua Illinois	Illinois	ICC Docket (Consolidated)
2011	Artesian Water Company	Maryland	MPSC Case 9252
2011	Artesian Water Company	Delaware	PSC 11-207
2011	Kiawah Island Utility, Inc.	South Carolina	2011-317-WS

Papers and Presentations

By
John F. Guastella

Year	Title	Forum
1974 through 2011	1. Basics of Rate Setting 2. Cost Allocation and Rate Design 3. Revenue Requirements	Semi-annual seminars on utility rate regulation, National Association of Regulatory Utility Commissioners, sponsored by the University of South Florida, the University of Utah, Florida State University, The University of Florida and currently Michigan State University
1974	Rate Design Studies: A Regulatory Point-of-View	Annual convention of the National Association of Water Companies, New Haven, Connecticut
1976	Lifeline Rates	Annual convention of the National Association of Water Companies, Chattanooga, Tennessee
1977	Regulating Water Utilities: The Customers' Best Interest	Annual symposium of the New England Conference of Public Utilities Commissioners, Mystic Seaport, Connecticut
1978	Rate Design: Preaching v. Practice	Annual convention of the National Association of Water Companies, Baton Rouge, Louisiana
1979	Small Water Companies	Annual symposium of the New England Conference of Public Utilities Commissioners, Newport, Rhode Island
1979	Rate Making Problems Peculiar to Private Water and Sewer Companies	Special educational program sponsored by Independent Water and Sewer Companies of Texas, Austin, Texas
1980	Water Utility Regulation	Annual meeting of the National Association of Regulatory Utility Commissioners, Houston, Texas
1981	The Impact of Water Rates on Water Usage	Annual Pennsylvania Environmental Conference, Harrisburg, Pennsylvania
1981	A Realistic Approach to Regulating Water Utilities	Mid-America Regulatory Conference, Clarksville, Indiana
1982	Issues in Water Utility Regulation	Annual symposium of the New England Conference of Public Utilities Commissioners, Rockport, Maine
1982	New Approaches to the Regulation of Water Utilities	Southeastern Association of Regulatory Utility Commissioners, Asheville, North Carolina
1983	Allocating Costs and Revenues Fairly and Effectively	Maryland Water and Sewer Finance Conference, Westminster, Maryland
1983	Lifeline and Social Policy Pricing	Annual conference of the American Water Works Association, Las Vegas, Nevada (published)
1984	The Real Cost of Service: Some Special Considerations	Annual New Jersey Section AWWA Spring Meeting, Atlantic City, New Jersey
1987	Margin Reserve: It's Not the Issue	Florida Waterworks Association Newsletter, April/May/June 1987 issue
1987	A "Current" Issue: CIAC	NAWC - New England Chapter November 6, 1987 meeting
1988	Small Water Company Rate Setting: Take It or Leave It	NAWC - New York Chapter June 14, 1988 meeting
1989	The Solution to all the Problems of Good Small Water Companies	NAWC Quarterly magazine, Winter issue
1989	Current Issues Workshop - Panel	New England Conference of Public Utilities Commissioners, Kennebunkport, Maine
1991	Alternative Rate Structures	New Jersey Section 1991 Annual Conference, AWWA, Atlantic City, New Jersey
1994	Conservation Impact on Water Rates	New England NAWC and New England AWWA, Sturbridge, Massachusetts

Papers and Presentations
By
John F. Guastella

Year	Title	Forum
1996	Utility Regulation - 21st Century	NAWC Annual Meeting, Orlando, Florida
1997	Current Status Drinking Water State Revolving Fund	NAWC Annual Meeting, San Diego, California
1998	Small Water Companies - Problems and Solutions	NAWC Annual Meeting, Indianapolis, Indiana
1998	Basic Rate Regulation Seminar	New England Chapter - NAWC, Rockport, Maine
2000	Developer Related Water and Sewer Utilities Seminar	Florida State University, Orlando, Florida
2001	Developer Related Water and Sewer Utilities Seminar	Florida State University, Orlando, Florida
2002	Regulatory Cooperation - Small Company Education	New England Chapter - NAWC, Annual Meeting
2003	Developer Related Water and Sewer Utilities Seminar	University of Florida, Orlando, Florida
2004	Basic Regulation & Rate Setting Training Seminar	Office of Regulatory Staff, Columbia, South Carolina
2005	Municipal Water Rates	Nassua-Suffolk Water Commissioners Association, Franklin Square, New York
2005	Innovations in Rate Setting and Procedures	NAWC New York Chapter, West Point, New York
2006	Basics of Rate Setting	The Connecticut Water Company, Clinton, Connecticut
2006	Innovations in Rate Setting and Procedures	NAWC New York Chapter, Catskill, New York
2006	Best Practices as Regulatory Policy	NAWC New England Chapter, Ogunquit, Maine
2006	Rate and Valuation Seminar	NAWC New York Chapter
2006	Full Cost Pricing	U.S. Environmental Protection Agency Expert Workshop, Lansing, Michigan
2006	Innovations in Rate Setting	NAWC New England Chapter, Portsmouth, New Hampshire
2007	Weather Sensitive Customer Demands	NAWC Water Utility Executive Council, Half Moon Bay, California
2007	Basics of Rate Setting and Valuation Seminar	NAWC New England Chapter, Ogunquit, Maine
2007	Small Company Characteristics	National Drinking Water Symposium, La Jolla, California

Daufuskie Island Utility Company

Capital Improvement Projects

g Point Treatment Plant

Control Panel for HPTP main generator	\$12,000.00
Resurfacing access roads at HPTP	\$50,000.00
Repair termite and water damage; new exterior on office plus additional shed roofs for main office at HPTP	\$30,000.00
Total	\$92,000.00

Lift stations

Re-pipe Master Station Berwick court on Haig point Berwick Ct. also needs new control panel	\$50,000.00
New control panel at Sportsman lift station	\$15,000.00
Repiping of Mungin Lift Station	\$15,000.00
Other Liftstations that need repiping and new valve boxes (1.25 inch piping)	
Wood duck	\$15,000.00
Night Heron	\$15,000.00
Peninsula Place	\$15,000.00
OuterBanks Way	\$15,000.00
Forest Lake Dr #1	\$15,000.00
Calibogue Way	\$15,000.00
Port Passage	\$15,000.00
Clubhouse Lane	\$15,000.00
CK Materials	\$15,000.00
Osprey Island	\$15,000.00
Welcome Center	\$15,000.00
Clubhouse	\$15,000.00
Beach Cottage #1	\$15,000.00
Beach Cottage #2	\$15,000.00

Beach Cottage #3	\$15,000.00
Beach Cottage #4	\$15,000.00
Melrose Inn	\$15,000.00
Jacks	\$15,000.00
Confederate Court	\$15,000.00
CPT Monroe 01	\$15,000.00
Masters Court	\$15,000.00
CPT Monroe 02	\$15,000.00
Melrose Maint	\$15,000.00
Money Mongin	\$15,000.00
Driftwood Cottages	\$15,000.00
Rosebud	\$15,000.00
Fire Station	\$15,000.00
Sportsman (new panel)	\$15,000.00
Volunteer Ridge	\$15,000.00
Freeport Court	\$15,000.00
 (Also 5 of the stations only have 1 pump)	 \$6,000.00
 River Road	 \$15,000.00
Fuskie Lane	\$15,000.00
Master Station	\$15,000.00
 (Also 1 station only has 1 pump)	 \$1,000.00
Total Lift Stations	\$582,000.00

Bloody Point Treatment Plant	
Resurface access roads at BPTP	\$25,000.00
Repair and replace wiring harness on main generator at BPTP	\$5,000.00
Flow control system at Bloody Point Irr. station pump house	\$15,000.00
Repair and upgrade of irrigation station at BPTP	\$50,000.00
Total BPTP	\$95,000.00

Water Wells	
New roofs at Melrose well #1 and #2	\$30,000.00
Relocating backup	\$10,000.00

generator at BP #2 to a more secure location to avoid flooding		
Total		\$40,000.00
Other Needs		
Sewer Camera		\$10,000.00
Vac Trailer		\$12,000.00
3rd vehicle		\$15,000.00
Purchase or Lease of mini track-hoe		\$20,000.00
graphics computer		\$2,000.00
Automatic Meter Reading		\$100,000.00
Total Other		\$159,000.00
Grand total		\$968,000.00